

 MACMAHON

MODERN SLAVERY STATEMENT 2023



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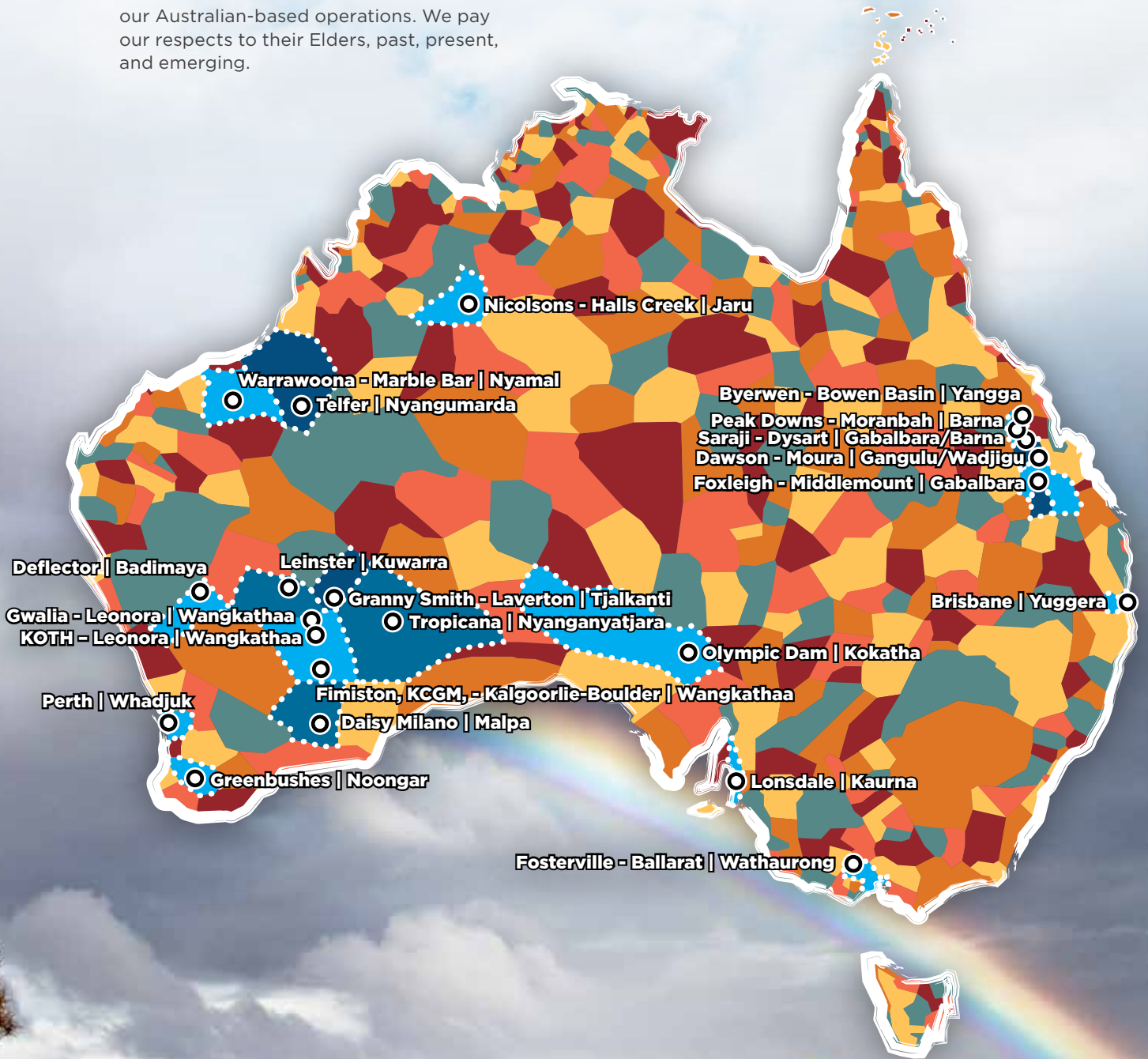
Our Roadmap

This Statement was prepared by Macmahon based on information available to it at the time of preparation. This Statement contains forward-looking statements and commitments that may involve known and unknown risks, uncertainties, assumptions and other factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements and commitments, and the outcomes may not all

be within Macmahon's control. This Statement should be read in conjunction with Macmahon's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), including the FY23 Annual Report, FY23 Corporate Governance Statement and FY23 Sustainability Report, which are available at [macmahon.com.au](https://www.macmahon.com.au)

Acknowledgement of Country

Macmahon acknowledges the Traditional Owners of the Lands on which we conduct our Australian-based operations. We pay our respects to their Elders, past, present, and emerging.



About Macmahon

Macmahon Holdings Limited (Macmahon) is a diversified contractor with leading capabilities in surface and underground mining, mining support, and civil infrastructure. As an ASX-listed company with headquarters in Perth, we provide services to many of the largest resource projects in Australia and Southeast Asia.

OUR BUSINESS

Founded in 1963, Macmahon services major resource companies across various commodity sectors. Our end-to-end mining services encompass mine development and materials delivery through to engineering, civil construction, on-site mining services, rehabilitation and site remediation. Macmahon celebrates its 60th anniversary this financial year.

OUR VISION

To be the preferred contracting and services company:

For employees to work for

For customers to use

For shareholders to invest in

OUR STRATEGY

Macmahon is focused on expanding and improving its end-to-end mining service capabilities to achieve sustainable growth and optimise financial returns. Our people are focused on improving efficiencies, investing in future relevance and diversifying and expanding our service offering.

OUR VALUES

Our Values to be United, have Courage, Integrity and Pride show our people the actions and behaviours expected of them when representing Macmahon. We endeavour to maintain the highest standards of conduct and behaviour in our operations both in Australia and abroad in managing our supply chains.



UNITED

Be Inclusive • Work Together • Support Each Other
We value diversity, inclusion and working together to achieve exceptional outcomes.



COURAGE

Be Brave • Speak Up • Challenge Yourself
We persevere and push through boundaries to strengthen our team.



INTEGRITY

Be Honest • Respect People • Be Accountable
We are transparent, we live our values and take accountability for our actions.



PRIDE

Be Humble • Work Hard • Celebrate Wins
We set high standards, pursue excellence, show humility and celebrate success.

Strategy

Macmahon is focused on expanding and improving its end-to-end mining service capabilities to achieve sustainable growth and optimise financial returns. Our people are focused on improving efficiencies, investing in future relevance and diversifying and expanding our service offering.

Strategic Overview

Improve

MARGINS AND EXECUTION

- Operational performance
- Contract management
- High performing systems, processes and functions

Invest

RELEVANCE AND COMPETITIVE ADVANTAGE

- People and culture
- Mining technology and digital transformation
- Embed sustainability capabilities

Expand

FOCUSED EXPANSION TO SUPPORT LOW CAPITAL GROWTH

- Lower the capital intensity of projects
- Continue growth of underground portfolio

Diversify

NEW BUSINESS GROWTH

- Accelerate growth in civil infrastructure services (mining and non-mining)

Value

GROW SHAREHOLDER VALUE

- Disciplined capital allocation to improve ROACE
- Review all aspects of our business to ensure maximisation of returns

Statement from the Chair and CEO & MD

This year Macmahon celebrates its 60th anniversary and 40 years listed on the Australian Securities Exchange. The Company was established in 1963 by Brian Macmahon, a civil engineer from Adelaide. From humble beginnings we have evolved to a global business and grown to be Australia's mining contractor of choice. We are constantly reflecting on our past and looking for ways to improve our business so that we can deliver value for our people, stakeholders, and the environment, in a sustainable manner.

As a global business, we recognise that we can make a positive social impact in the communities in which we operate by applying sound ethical business and good governance practices. In August 2022, Macmahon introduced its evolved Company Values, defining how we collaborate, interact, and contribute to the ongoing success of our organisation. These Values have become the driving force behind our achievements, and we are determined to build upon them to create an even stronger and more cohesive team.

This is our fourth Modern Slavery Statement under the Act. In this Statement, we outline the steps that we took to identify and address modern slavery risks, as well as setting out the progress we have made and our learnings in FY23.

The recent data from the GS Index 2023 indicates that modern slavery continues to occur in the areas we operate in, with a high prevalence rate in the Asia Pacific region - thereby creating an elevated risk of modern slavery in our business.



HAMISH TYRWHITT

Independent Non-Executive Chair

We recognise that assessing and addressing modern slavery risks is a complex and significant process, particularly in the foreign jurisdictions which we operate in. Given these heightened risks, we engaged with a leading third party Environmental, Social, Governance Consultant ("ESG Consultant") to undertake a more comprehensive risk assessment of our Indonesian and Malaysian supply chains and operations.

In FY23, as a means to enhance modern slavery awareness within our own workforce and supply chain, we implemented a modern slavery training program for our Australian suppliers via our supplier onboarding system. This training has also been translated in Bahasa Indonesian language for our Indonesian suppliers. A more targeted training on modern slavery was rolled out to our senior personnel in our corporate and project teams in Australia.

We remain steadfast in our commitment to identify and address any form of modern slavery risk within our business and supply chain. We will continue working collaboratively with our suppliers, assessing their approach to modern slavery, and providing support when needed.

This joint Statement has been approved by the Macmahon Board of Directors on 7 December 2023 on its behalf, as well as on behalf of the Reporting Entities listed on page 9 of this Statement.



MICHAEL FINNEGAN

Chief Executive Officer and Managing Director

About this Statement

THE REPORTING ENTITIES

This Modern Slavery Statement is our fourth statement. It is made pursuant to the *Modern Slavery Act 2018* (Cth) (the “Act”) for the period 1 July 2022 to 30 June 2023. This is a joint Statement submitted by Macmahon Holdings Limited* (ACN 007 634 406) and the following subsidiaries of Macmahon (each a “Reporting Entity” and collectively “Reporting Entities”):

Macmahon Contractors Pty Ltd
(ACN 007 611 485)

Macmahon Contracting International Pte Ltd
(UEN 200704097Z) ¹

PT Macmahon Indonesia
(Co No 02.648.378.4-063.000) ²

Macmahon Underground Pty Ltd
(ACN 003 696 464)

**Macmahon Holdings Limited is the ultimate holding company in the Macmahon Group of companies, and as such, this Statement captures the activities of its subsidiaries and all its controlled entities. A breakdown of the Macmahon corporate group is set out on page 9 of this Statement and can be found on page 108 of our Annual Report for FY23. In this Statement, the terms ‘Macmahon’, ‘Company’, ‘our business’, ‘we’ and ‘our’ refer to Macmahon Holdings Limited, its subsidiaries and its controlled entities except where stated or where the context otherwise requires.*

CONSULTATION AND APPROVAL

Macmahon has prepared this joint Statement in consultation with each Reporting Entity listed above. Macmahon has set up a Modern Slavery Working Group (“Working Group”) to facilitate ongoing consultation and engagement across the various Macmahon entities. The Working Group is responsible for, and has oversight of, modern slavery initiatives and actions across the business as well as drafting and preparing this Statement. The members of the Working Group consist of representatives from the Macmahon Procurement, Human Resources, Health, Safety, Environment and Quality (HSEQ), Legal, and Commercial teams from across our Australian and Indonesian offices.

The Macmahon Executive Leadership Team meets regularly to review performance of all our operations. Select members of the Executive Leadership Team are also members of the Board of Directors of each of the Reporting Entity, with one member also a director of Macmahon Holdings Limited. The directors of all Macmahon owned and controlled subsidiaries ultimately report to the Board of Directors of Macmahon Holdings Limited. By virtue of these positions across the Reporting Entities, these officeholders have a considerable understanding of the supply chains and operations across the Macmahon’s entities.

This Statement was approved by the Macmahon Board of Directors on 7 December 2023.

OUR APPROACH

As a business with large and complex global supply chain and operations across Australia and overseas, we recognise that modern slavery may occur in every country we operate in. The 2023 Global Modern Slavery Index (“GS Index 2023”) ³ prepared by the Walk Free Foundation estimates that approximately 50 million people across the globe are in slavery today, with approximately two thirds of this occurring in the Asia Pacific region and approximately 28 million people in forced labour.

Modern slavery is unacceptable within our supply chain and operations. Treating people with respect and care is one of our core evolved company Values. We are committed to collaborating with our employees, suppliers, government and all other relevant stakeholders to tackle this challenge. Underpinning our commitment towards modern slavery is a framework of company policies and procedures as detailed on page 17. These include our Human Rights Policy, Code of Conduct, and our policies and statements on Employment and Diversity, Health and Safety, Environment and Indigenous Peoples.

¹ Incorporated in Singapore

² Incorporated in Indonesia

³ Source: Global Slavery Index: www.globalslaveryindex.org

FY23 KEY ACHIEVEMENTS

Assessing and addressing modern slavery risks in our operations and supply chain remains an ongoing commitment that requires continual vigilance. In FY23, we made the following key advances in our initiatives to assess and address modern slavery in our supply chain and operations. Each of the below initiatives and matters are addressed in further detail in this Statement.

Risk Assessment Initiatives

- we engaged with a leading independent ESG Consultant to assess modern slavery risks in our Indonesian and Malaysian supply chain. This resulted in a further targeted risk assessment on high risk Indonesian suppliers;
- the ESG Consultant also undertook desktop audits on three select labour hire suppliers (two in Australia and one in Indonesia), including a supplier recruiting migrant skilled workers on behalf of Macmahon;
- we commenced in-field audits, completing our first in field audit on an Australian supplier; and
- we reviewed the risk assessment scoring of our Modern Slavery Self-Assessment Questionnaire (“SAQ”) for effectiveness.

Corporate Governance

- we identified and outlined core modern slavery Key Performance Indicators (KPIs) for the business;
- in August 2022, Macmahon introduced its evolved company Values, defining how we collaborate, interact, and contribute to the ongoing success of our organisation. These Values have become the driving force behind our achievements, and we are determined to build upon them to create an even stronger and more cohesive team;
- modern slavery was included as a recognised risk in our corporate risk register; and
- expanded our Working Group with new members across key business units, including from our Indonesian team.

Training and Education

- to enhance modern slavery awareness within our supply chain, we implemented a modern slavery training program for our Australian suppliers via our supplier onboarding system. This training has also been translated into Bahasa Indonesia language and rolled out to all our Indonesian suppliers;
- we provided targeted training to our senior personnel in our corporate and project teams in Australia; and
- we also refreshed our internal Macmahon induction module that incorporated our Modern Slavery Awareness training for employees and contractors.





Our Structure, Operations and Supply Chain

OUR STRUCTURE

Incorporated subsidiaries	Country of incorporation	Ownership interest	
		2023 %	2022 %
Macmahon Contractors Pty Ltd	Australia	100%	100%
Macmahon Mining Services Pty Ltd	Australia	100%	100%
Doorn-Djill Yoordaning Mining and Construction Pty Ltd	Australia	100%	100%
Macmahon Underground Pty Ltd	Australia	100%	100%
Macmahon Contracting International Pte Ltd	Singapore	100%	100%
PT Macmahon Indonesia	Indonesia	100%	100%
Macmahon Constructors Sdn Bhd	Malaysia	100%	100%
TMM Group Pty Ltd*	Australia	100%	100%
TMM Group (Consult) Pty Ltd	Australia	100%	100%
TMM Group (IP) Pty Ltd*	Australia	100%	100%
TMM Group (Operations) Pty Ltd	Australia	100%	100%
Macmahon East Pty Ltd	Australia	100%	100%
Macmahon Maintenance Masters Pty Ltd	Australia	100%	100%
Macmahon (Southern) Pty Ltd	Australia	100%	100%
Macmahon Africa Pty Ltd*	Australia	100%	100%
Macmahon Malaysia Pty Ltd*	Australia	100%	100%
Macmahon Sdn Bhd*	Malaysia	100%	100%
PT Macmahon Contractors Indonesia	Indonesia	100%	100%
Macmahon Singapore Pte Ltd*	Singapore	100%	100%
Macmahon Contractors Nigeria Ltd*	Nigeria	100%	100%
Macmahon Contractors Ghana Limited*	Ghana	100%	100%
Macmahon Botswana (Pty) Ltd*	Botswana	100%	100%
Strong Minds Strong Mines Pty Ltd	Australia	100%	100%
GF Holdings (WA) Pty Ltd	Australia	100%	100%
GBF Mining and Industrial Services Pty Ltd	Australia	100%	100%
GBF North Pty Ltd	Australia	100%	100%
GBF Number 6 Pty Ltd	Australia	100%	100%
Ramex Services Pty Ltd ¹	Australia	0%	100%
PT Macmahon Mining Services	Indonesia	100%	100%
PT Macmahon Labour Services	Indonesia	49%	49%
Interest in trusts			
Macmahon Holdings Limited Employee Share Ownership Plans Trust	Australia	100%	100%
Macmahon Underground Unit Trust	Australia	100%	100%

* Entities were dormant for the financial year ended 30 June 2023.

¹ Ramex Services was disposed on 26 August 2022.

Our Operations

WESTERN AUSTRALIA

Greenbushes
King of the Hills
Telfer
Tropicana
Warrawoona

Boston Shaker
Daisy Milano
Deflector
Granny Smith
Gwalia
King of the Hills
Leinster
Nicolsons

Fimiston
Kalgoorlie Consolidated
Gold Mines (KCGM)

QUEENSLAND

Byerwen
Dawson South

Foxleigh
Peak Downs
Saraji

VICTORIA

Fosterville

SOUTH AUSTRALIA

Olympic Dam

AUSTRALIA



Surface

Underground

Mining Support and Civil Infrastructure

SOUTH EAST ASIA

MALAYSIA

Langkawi



INDONESIA

Batu Hijau
Martabe

Tujuh Bukit

Hu'u Project

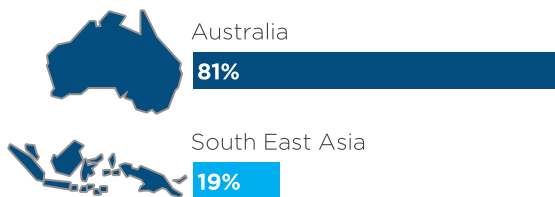


Our Operations by Revenue Breakdown

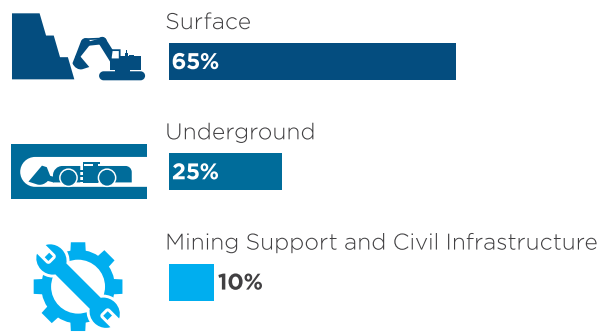
A breakdown of the services, projects and clients is provided in our FY23 Annual Report.

REVENUE DIVERSIFICATION

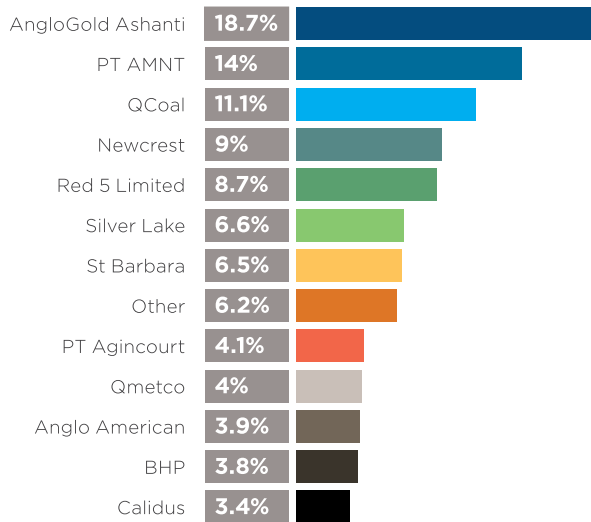
COUNTRY/REGION



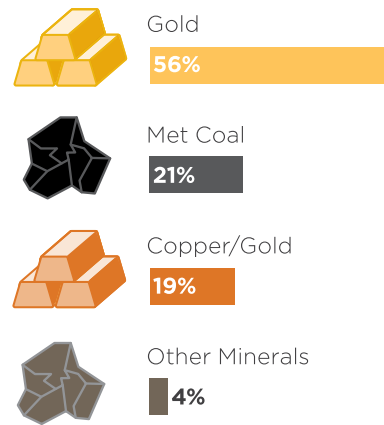
ACTIVITY



CLIENT (%)



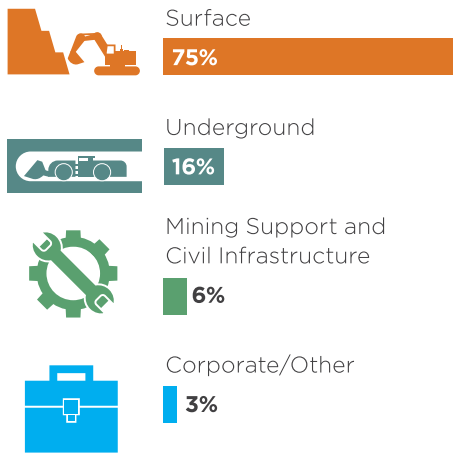
COMMODITY



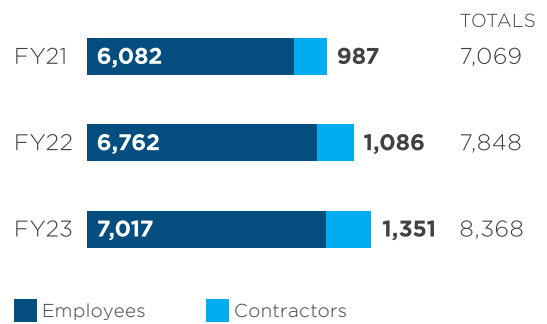
Our People

In FY23, our workforce consisted of 8,368 employees and contractors, an increase by 6.62% from FY22. A summary of our workforce is referenced below.

Workforce by Business Unit



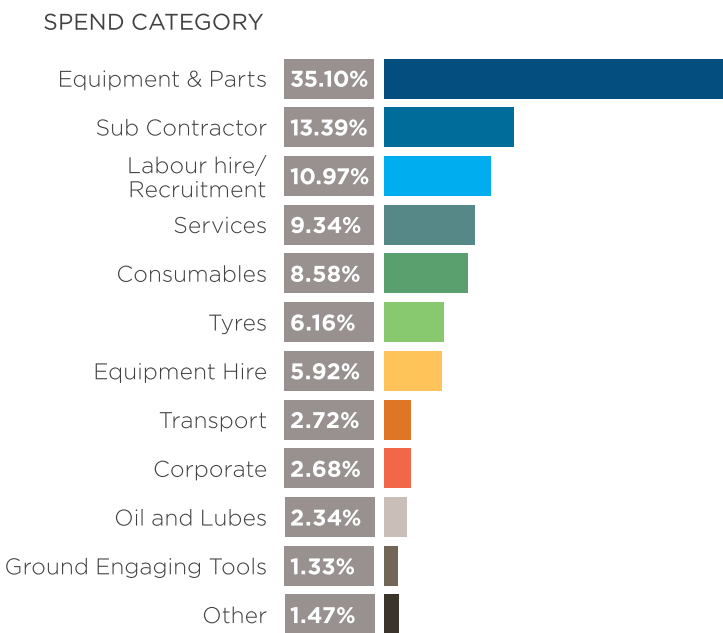
Workforce over the last three years



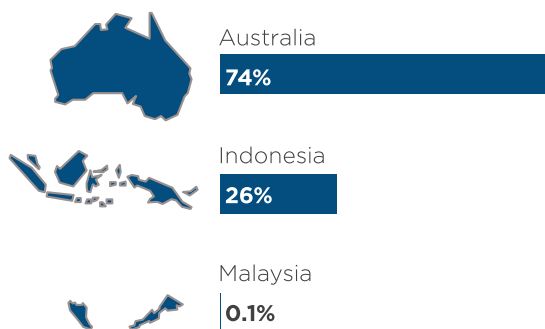
Our Supply Chain

In FY23, our supply chains were predominantly within Australia and Indonesia.

Referring to our FY23 breakdown of expenditure below, Macmahon’s spend was primarily on equipment and parts, sub-contractors and labour hire with suppliers based in Australia and Indonesia.



Supply Chain Breakdown by Country



Modern Slavery Risks

The Australian Human Rights Commission and KPMG 2021 publication 'Resources, Energy and Modern Slavery – Practical Responses for Managing Risk to People' states that the resources sector is uniquely exposed to multi-faceted risks and various economic, political and cultural contexts as a result of the nature and locations of global operations.

These contextual factors, coupled with certain supply chain and operational complexities, increase modern slavery risk and require resource companies to proactively identify and manage that risk. It is recognised that factors which elevate the risk of modern slavery are usually vulnerable populations, high risk business models, high risk procurement categories, and operations in high risk geographies.

OPERATIONAL AND GEOGRAPHICAL RISKS

Our business operations frequently draw upon a variety of resources in the form of labour, transportation and procurement. The risk factors we consider in our operations include (without limitation) the geographical location we operate in (i.e. country risks, for example whether the local laws have adequate protection for victims that can be effectively enforced) and the vulnerability of individuals that are engaged in our operations (for example, migrant workers that are recruited by third party labour agencies).

As noted above, the GS Index 2023 estimates that approximately 50 million people across the globe are in slavery today, with approximately two thirds of this occurring in the Asia Pacific region and approximately 28 million people in forced labour globally. The GS Index 2023 represents Indonesia as having a modern slavery prevalence index rating of 62 out of 160 countries, with 1.8 million people estimated to be in modern slavery. Malaysia has a prevalence index rating of 72 out of 160 countries, with 202,000 people estimated to be in modern slavery. In contrast, Australia has a lower prevalence index of 147 out of 160 countries globally with 41,000 people estimated to be in modern slavery.

Our people are at the core of our business and our number one priority. Given the sizeable nature of our workforce, we recognise that certain individuals may be more vulnerable to modern slavery within our operations owing to a range of factors such as the location in which they work, or by nature of their engagement (for example, migrant workers that are recruited by third party labour agencies).

For our Australian workforce, which is 58% of our total workforce, 74% are directly employed and approximately 26% are contractors engaged by third party labour agencies.

All our employees are recruited using transparent and recognised processes. Employees are engaged on either a contract of employment that is subject to the *Fair Work Act 2009* (Cth), or a registered enterprise agreement (or Modern Award) approved by the Fair Work Commission. The enterprise agreements have a maximum term of four years and all employees covered under an enterprise agreement are entitled to the same benefits. Where labour hire companies are used, these are Australian based companies, approved by Macmahon, that are subject to applicable labour hire licensing laws and the *Fair Work Act 2009*.

Approximately 43% of our total workforce is based in Southeast Asia. Out of this, 97% are directly employed by Macmahon and approximately 3% are contractors.

To ensure we minimise the inherent risk of operating in Indonesia, we have procedures in place with our Indonesian and Malaysian workforce as outlined on page 22.

SUPPLY CHAIN RISKS

We encourage and support economic opportunities in the countries we operate in by sourcing goods and labour locally. However, we recognise that procurement of goods and services in certain geographical sectors creates an elevated risk of modern slavery. In assessing the risk factors in our supply chain, we consider several factors such as the supplier’s commitment towards identifying and addressing modern slavery risks and any policies and procedures to give effect to this commitment. We also consider the supplier’s own mapping and assessment of its supply chain, their understanding of where its raw materials, products and services are ultimately sourced from, and any training provided to supplier’s own workforce together with any grievance mechanisms available.

Whilst we have a sound understanding of modern slavery risks associated with our Tier 1 suppliers, we recognise that visibility over the human rights practices of suppliers beyond our Tier 1 suppliers tends to be somewhat limited. Macmahon is committed to continually engaging with its Tier 1 suppliers to further understand and address material risks in our supply chain.

RISKS IN OUR SUPPLY CHAIN

Our supply chain risks can be broadly summarised as follows:

Risk Category	Risk Description
Supply chain goods risks	<ul style="list-style-type: none"> • Supplier has a facility (or facilities) in locations identified as 'high risk'. • Supplier provides goods/materials or services identified as 'high risk'.
Supply chain management risks	<ul style="list-style-type: none"> • Supplier does not have a policy or process that prohibits modern slavery in its operations and in those of its suppliers. • Supplier does not have policies and processes to identify, investigate and remedy risk and instances of modern slavery. • Supplier cannot demonstrate employee training to manage modern slavery risk. • Supplier does not conduct due diligence for modern slavery risks on its suppliers. • Supplier does not require suppliers to conduct due diligence for modern slavery on their suppliers. • Supplier has not participated in Macmahon’s modern slavery SAQ.
Supply chain labour risks	<ul style="list-style-type: none"> • Supplier is in contravention of the United Nations International Labour Organisation (ILO) conventions that prohibit the worst forms of child labour. • Supplier does not undertake checks to ensure child labour is not being used within its organisation or suppliers. • Supplier cannot demonstrate compliance to decent work principles or the <i>Fair Work Act 2009 (Cth)</i>. • Supplier does not have mechanisms available to anonymously raise concerns related to labour conditions or workplace grievances.

HIGH RISK GOODS & SERVICES

As noted above, in FY23 we procured AU\$1.2 billion in goods and services from approximately 2,000 suppliers spread across three countries. We have identified that the following goods and services may pose a higher risk for modern slavery based on country risks (e.g., goods produced in countries with higher prevalence of modern slavery) and sector risks (e.g., use of low skilled labour, migrant workers, reliance on third party labour hire):

- Labour hire;
- Personal Protective Equipment and clothing (“PPE”);
- Information Technology (IT) hardware and services;
- Accommodation;
- Travel;
- Tyres; and
- Shipping.

Our highest spend category in Australia is equipment, parts and services from the original equipment manufacturers. Given that the majority of our Tier 1 supplier engagement is with mining equipment and parts suppliers, we undertake a

thorough due diligence process to assess and rate suppliers in accordance with our risk matrix. The due diligence process we adopt is outlined in detail on page 18. Our due diligence assessment of the suppliers we engage has not rated any as high risk for modern slavery. We will continue working with our Tier 1 suppliers to further understand our supply chain beyond Tier 1.

Given that both Indonesia and Malaysia carry higher risks of modern slavery within our business and given previous poor engagement from suppliers in these regions, we engaged a leading independent ESG Consultant to assess modern slavery risks in our Indonesian and Malaysian supply chain. This resulted in a further targeted ongoing risk assessment on high risk Indonesian suppliers.

The ESG Consultant also undertook desktop audits on three selected labour hire suppliers (two in Australia and one in Indonesia), including a supplier who was recruiting skilled migrant workers on our behalf. A summary of these audits can be found on page 20.



Actions to Assess and Address Modern Slavery Risks

Due diligence is an important aspect of our risk management framework, which includes a myriad of steps, actions and processes as outlined below.

OUR POLICIES AND PROCEDURES

A framework of Company policies and procedures underpins our commitment to uphold human rights and assess and manage modern slavery risks in our operations and supply chains.

Key policies and programs that address our approach to human rights and modern slavery risks include our:

- Code of Conduct;
- Environmental Policy;
- Sustainability Policy;
- Equal Employment and Diversity Policy;
- Human Rights Policy;
- Indigenous Peoples Policy;
- Procurement Policy;
- Safety and Health Policy;
- Whistleblower Policy and “whistleblower hotline”; and
- Sexual Harassment Policy.

Our Code of Conduct outlines our commitment to engage in appropriate and ethical corporate practices and reflects the high ethical standards of conduct necessary to maintain confidence in Macmahon’s integrity.

Our Human Rights Policy outlines our commitment to eliminate all forms of modern slavery in our operations and supply chains. We reject the use of all forms of slavery, forced labour, including prison, indentured, bonded or military labour, child labour, forced marriage, any form of human trafficking and deceptive recruiting for labour or services.

Through our Procurement Policy, we are committed to conducting purchasing activities in a fair, objective and transparent manner that satisfies the requirements of accountability and internal controls. Emphasis is placed on selecting suppliers and service providers that demonstrate recognisable environmental, sustainability and business integrity standards, including respect for human rights.

GOVERNANCE AND MANAGEMENT

Our Working Group maintains oversight and coordinates various actions on human rights and modern slavery risks across the business. As noted above, the Working Group has members drawn from our Australian and Indonesian Supply teams, Human Resources, Health, Safety, Environment and Quality (HSEQ), Legal and Commercial teams.

The Board’s Audit and Risk Committee oversees our corporate risk register. In FY23, we updated our corporate risk register to include modern slavery as a procurement risk.

Our centralised procurement function based in Australia governs and drives modern slavery compliance and initiatives and is overseen by the Chief Commercial Officer.

REPORTING CHANNELS

Our Whistleblower Policy, which includes an independently managed reporting channel 'YourCall', is designed to make it easy for our employees, suppliers and others to make disclosures anonymously and without fear of retaliation. We encourage all our employees, suppliers, customers and business partners to report any modern slavery concerns related to our direct activities or supply chains. This includes any circumstances that may give rise to an enhanced risk of modern slavery or human trafficking.

Our independent reporting channel YourCall is actively promoted via our website, internal webpages and via posters in our corporate office and project sites. We also promote YourCall to our suppliers through the supplier training provided to ensure reporting channels are accessible. Whilst YourCall is currently available for our international employees and suppliers, we aim to actively promote YourCall to our Indonesian operations via posters and awareness material translated in Bahasa Indonesia language.

SUPPLY CHAIN DUE DILIGENCE AND RISK ASSESSMENT

SELF ASSESSMENT QUESTIONNAIRE (SAQ)

Our supplier SAQ, which was first launched in FY21, allows us to assess and identify any suppliers who carry a higher risk of modern slavery occurrences in their own operations and supply chain. This initial risk assessment exercise provides the basis for our subsequent focus for ongoing due diligence and remediation activities across not only the present reporting period but for upcoming years.

Our online supplier onboarding system, which was implemented in FY22, has provided a more manageable database allowing us to risk assess our Australian supply chain efficiently and accurately. Through the new database there is better visibility on supplier response rates to our SAQ.

Our SAQ risk assessment helps us rate our suppliers as high, moderate or low risk for modern slavery occurrences depending on a range of factors including;

- whether the suppliers have policies and procedures in place to assess and address modern slavery;
- the availability of training for employees;
- reporting and grievance mechanisms in place; and
- whether the supplier has an understanding of where any raw materials, components or parts in its own products are ultimately sourced from.

Our risk assessment is an ongoing process that is regularly reviewed for effectiveness. In FY23, we reassessed the effectiveness of risk rating our suppliers based on their responses to our SAQ. With our evolved understanding of modern slavery, the risk assessment scoring of our SAQ was updated to provide a more meaningful risk assessment of screened suppliers.

In FY23, there were 405 potential new Australian suppliers who were invited to and completed our SAQ. Ultimately, 350 of those suppliers were approved and onboarded having successfully completed and satisfied the onboarding criteria. Our findings from our SAQs indicate that 55% of all the suppliers who were invited to and completed our SAQ were rated as moderate risk for modern slavery occurrences and 45% of the suppliers were assessed as low risk. We did not find any indicators to assess any suppliers as high risk for modern slavery within our Australian supply chain. We recognise that SAQs are only an aspect of our due diligence and risk assessment initiatives. As noted in our Third-Party Due diligence section on page 20, we have also engaged Consultants to assist us in risk assessing 291 of our Indonesian suppliers and 21 of our Malaysian suppliers via an industry and spend profile risk assessment platform which will result in us undertaking a further targeted approach in FY24, such as supplier audits.

Low risk rated suppliers are required to complete our prequalification and SAQ every two years. Moderate risk rated suppliers will be required to do the same with the addition of them providing us evidence of their policies and procedures that they have in place that support the identification and remediation of any instances of modern slavery.



THIRD PARTY DUE DILIGENCE

Given the inherent risks of operating in Indonesia and Malaysia and owing to previous poor engagement by our Indonesian and Malaysian suppliers to our SAQ, we engaged an independent ESG Consultant to assess modern slavery risks in those jurisdictions.

Utilising a risk assessment platform that assesses a company's spend throughout global markets, mapping out supply chains from Tier 1 suppliers down to Tier 10 suppliers, the ESG Consultant undertook a risk assessment of our Indonesian and Malaysian supply chain. The analysis was undertaken to review Macmahon's theoretical risk profile at an industry and country level only and did not purport to risk assess any individual suppliers.

The analysis identified that key risk categories in our Indonesian supply chain are related to the supply of machinery and equipment (based on company spend alone) and health and social work services (based on country and/or industry risk). The risk analysis also identified that the largest risk category in our Malaysian supply chain is in the construction, cement, lime and plaster industries. As noted above, the risk analysis undertaken did not purport to confirm the actual existence (or non-existence) of slavery in any individual supplier's operations or supply chain. The risk analysis undertaken was part of our multi-faceted approach and provides the basis for our subsequent targeted due diligence.

Following this third-party risk assessment, we commenced targeted due diligence on our Top 10 Indonesian Suppliers determined as having high country and / or industry risk utilising analysis from the ESG consultant. The targeted due diligence was undertaken by our Indonesian team (some of whom are members of the Working Group) which involved direct engagement with the suppliers to explain our SAQs (which are translated in Bahasa Indonesian language) and to provide further awareness of modern slavery. This approach resulted in our top three suppliers, that were initially assessed as high risk based on category and spend, completing the SAQ's and being reassessed to low or moderate risk. In FY24, we will continue to carry out this process for the other high risk suppliers identified in the initial high level risk assessment mapping undertaken by

the ESG Consultant. We will also further engage with our Malaysian suppliers using this targeted approach.

SUPPLIER AUDITS

When due diligence processes indicate a high risk of modern slavery and/or inadequate processes by the supplier to identify and address the risks of modern slavery, independent audits may be undertaken.

We recognise that a key risk category in our business and operations is the use of third party contracted labour, particularly migrant labour who may have been recruited on our behalf by a third party. Although migrant labour only represents 3.7% of our workforce, we recognise these individuals may be particularly vulnerable to exploitative practices such as coercive or deceptive recruitment, forced labour, withholding of passport or identity documents, and debt bondage.

Given this heightened risk, we engaged an ESG Consultant to undertake desktop audits on three selected suppliers including labour hire suppliers and a migration agency, based in Australia and Indonesia.

In FY23, we also increased our focus on migrant workers from the Philippines, whereby a member of our senior management team travelled to the Philippines to undertake due diligence on a number of prospective suppliers providing recruitment services. For further details, please see page 22 Labour Hire and Migrant Workers.

We commenced our first in-field audit in FY23 to verify our supplier risk ratings assessed initially through SAQs. One of our Tier 1 Australian suppliers was selected primarily due to their high level of spend and it being prudent to verify their risk assessment through an in-field audit.

During the in-field audit, we inspected and assessed the supplier's:

- understanding of modern slavery;
- policies and procedures as they had outlined in the SAQs;
- availability of its modern slavery training attendance record and content for their own employees;

- grievance and reporting channels; and
- own supply chain mapping and understanding of where their products/supply chain goods are manufactured/sourced from.

This supplier demonstrated a robust understanding of modern slavery and the associated risks for their business. Whilst this supplier is not a reporting entity for the purpose of the Act, that Supplier had been educated by Macmahon through completion of the Macmahon SAQ's and other modern slavery awareness material issued to it. They learned the importance of identifying and eliminating modern slavery. This awareness culminated in the supplier voluntarily publishing a Modern Slavery Statement.

PROCUREMENT PROCESS

Our online supplier compliance and on-boarding system implemented in FY22, which incorporates modern slavery risk assessment initiatives, is now well embedded. All new and existing Australian suppliers are required to complete the SAQs as part of our online supplier on-boarding system.

A due diligence process is conducted for each new supplier that completes our on-boarding process. This includes assessing a new supplier's response to:

- our Human Rights Policy relating to modern slavery;
- financial capability;
- insurance documentation;
- human resources and Industrial relations;
- information relating to claims against the company;
- HSEQ statistics; and
- accreditations, certifications, and management systems.

This assessment is then reviewed and approved by Macmahon operational management and final approval from the Group Supply Manager.

As part of our International Organisation for Standardization requirements, we also undertake re-qualifications across our existing supplier base every two years through our supplier prequalification process.

SUPPLY CHAIN MANAGEMENT

Our suppliers are required to comply with Macmahon policies and procedures. Our standard supply contracts include obligations on our suppliers in relation to modern slavery. In particular, our template contracts require suppliers and service providers to respond and demonstrate compliance with the modern slavery legislation and to report any breaches of the Act or instances of modern slavery to Macmahon. These contractual arrangements require that agents, suppliers and service providers undertake various determined actions that include:

- conducting their business in a manner consistent with the Act;
- investigating their supply chains and labour practices;
- permitting Macmahon to audit their operations to check their modern slavery actions; and
- notifying Macmahon if they become aware of any actual or suspected slavery, forced labour or human trafficking in a supply chain in connection with our agreements.

Our Supplier Code of Conduct requires all suppliers to uphold our commitments towards human rights and preventing modern slavery. Our onboarding system ensures that the suppliers are made aware and acknowledge the Supplier Code of Conduct.

MANAGING RISK IN OUR INDONESIAN OPERATIONS

We continue to engage positively with our Indonesian workforce and ensure we comply with all relevant labour legislation and provide written contracts underpinned by Company Regulations (similar to an Australian Enterprise Agreement) that are approved by the Indonesian Government's Ministry of Manpower. We must update and seek approval from the Ministry every two years.

Our Indonesian workers receive and participate to production bonuses linked to KPI's and safety and damage, this is over and above the basic wage.

Macmahon provides health insurance to all employees and their family (one spouse and up to three children). Our Indonesian workforce standard roster is four weeks on, two weeks off based on 12-hour shifts. Depending on whether an employee lives within the local community or is a fly-in-flyout worker, some roles will work five days on, two days off and eight hours per day. The same fatigue management policies and procedures apply to our Indonesian workforce as to our Australian workforce.

MANAGING RISK IN OUR MALAYSIAN OPERATIONS

Malaysian labour laws are regulated by the Ministry of Human Resources.

Our Malaysian employment agreements have been prepared to comply with or exceed the minimum requirements of Malaysian labour laws, including the *Employment Act 1995* (Malaysia) and its subsequent regulations.

In compliance with the *Employees' Social Security Act 1969* (Malaysia), Macmahon make contributions to the Social Security Organisation for employee protections as well as contributions in accordance with the *Employment Insurance System Act 2017* (Malaysia) to protect employees who have lost employment. Levy payments are made towards the Human Resources Development Fund for the purposes of training and developing employees. Macmahon performs statutory contributions towards a scheme of saving for our employees.

Malaysia has enacted the *Employment (Amendment Act) 2022* (Malaysia) which takes effect from 1 January 2023. Macmahon is actively working to ensure its labour practices in Malaysia remain compliant with current labour laws.

LABOUR HIRE AND MIGRANT WORKERS

In the interests of reducing the inherent risks of engaging migrant labour force, a member of our senior management team travelled to the Philippines to undertake due diligence on prospective suppliers providing recruitment services.

A key objective was to understand and qualify the recruitment methods and procedures of these prospective suppliers and ensure compliance to Australian legislative requirements, as well as Macmahon's policies and procedures. The Trip and our due diligence highlighted that there was considerable awareness of modern slavery risks by both the prospective candidates and suppliers within the general Philippines recruitment industry.

None of the prospective suppliers presented any indicators of modern slavery within their organisations. As part of each supplier's risk mitigation methods, regular follow ups by the supplier are carried out and if there are any concerns, the host company which a supplier engages is reported and if warranted blacklisted. In one case it was identified that the recruitment agency monitors its candidates over a three year period to ensure welfare and suitable working conditions.

As an ongoing measure, Macmahon continues to engage a migration agent to coordinate ongoing monitoring. In compliance to migration laws, the terms and conditions for people we employ for the same roles are equal, irrespective of nationality.

TRAINING AND EDUCATION

Our workforce and our suppliers need to understand how to identify the markers of modern slavery as they offer the best line of defence in addressing and reporting modern slavery risks.

In FY23, we increased our focus on creating modern slavery awareness within our own workforce and supply chain. To this end, we implemented a modern slavery training program to all our Australian suppliers via our supplier onboarding system. This training has also been translated and rolled out, in Bahasa Indonesia language for our Indonesian suppliers. The training included information such as:

- defining modern slavery and outlining its impacts;
- the GS Index 2023 relevant data and information for our Suppliers;
- types of modern slavery;
- risks for Business;
- Macmahon's commitment to modern slavery; and
- other external information and resources for Business.

We sought feedback by way of a survey for this training from suppliers, to gauge the supplier's understanding of modern slavery and whether the training was effective in creating awareness. A total of 214 responses have been received post 30 June, indicating that approximately 98% of the suppliers found the training to be effective in helping them gain a better understanding of modern slavery and how it might impact their business and supply chains. Approximately 85% of suppliers stated they would seek further information on modern slavery from the public resources we had provided in the training material.

As part of our FY24 roadmap, we aim to further strengthen our supplier awareness training by rolling out a secondary training module. This module will include more case study examples and will be subsequently evaluated through a further survey.

As our people remain our first line of defence in identifying and reporting modern slavery within our business, we also implemented a more targeted training module on modern slavery to our senior personnel in our corporate and project teams in Australia. This training included case study examples of occurrences of modern slavery and provided examples of potential risks and resulted in some of our staff asking more targeted questions when undertaking an inspection of potential third-party labour providers.

We also refreshed our internal Macmahon induction module that incorporated our Modern Slavery Awareness training for employees and contractors. In FY23, 2,820 employees and contractors completed the Modern Slavery module that is now embedded as part of our induction training for all staff and contractors.

For our Indonesian and Malaysian staff, Modern Slavery training is mandatory for all new starters. In FY23, we continued to roll out Modern Slavery training to all new Indonesian and Malaysian employees.



Assessing Effectiveness

Given the inherent complexity in assessing and identifying modern slavery risks, we recognise that it is important to continually evaluate the effectiveness of the actions we take.

In FY23, our Working Group established the following three core key performance indicators for FY24, against which our performance could be evaluated:

1. percentage of new suppliers issued with SAQs and number of suppliers that have completed SAQs;
2. percentage of audits for high risk suppliers; and
3. percentage of new employees that have completed the induction training, which includes training on modern slavery.

Whilst we did not identify any instances of modern slavery in FY23, we continue to revise, reassess and strengthen our processes to measure the effectiveness of our actions from our roadmap and commitments. We are committed to ensuring that we have full visibility and awareness of any instances of modern slavery. Our key governance principles, policies and procedures are regularly updated and reviewed to accurately capture and reflect changes or other developments in corporate governance. Our Human Rights Policy has been in place for over two years. Risk Management policies and systems for supply chain risk are reviewed annually to track and reflect any market condition changes.

We consulted with one of our Tier 1 suppliers whom is considered a leader in their modern slavery approach. This was to better understand their key areas of focus and risk, and to ensure our approach is appropriate and in line with industry trends.

As referred to in the Supplier Audit section on page 20, findings from our first in-field audit showed that this supplier had voluntarily completed a Modern Slavery Statement, after being made aware by Macmahon, via our awareness and education commitment, of the importance of Modern Slavery awareness.

As outlined in this Statement, we increased our focus on training and awareness in FY23, implementing targeted training to both suppliers and corporate and project personnel. We sought feedback from the suppliers for this training, which was well received as noted in our section titled Training and Education.

The internal corporate training was also well received and in one instance, assisted our team undertaking due diligence on prospective recruitment agents based in Philippines, as it provided the team with more context and made them more attuned to the types of questions they should be asking the prospective suppliers regarding their recruitment practices.

Our Roadmap

As part of our FY24 and ongoing roadmap, we will:

- continue to monitor our risk assessment initiatives and further develop our audit processes and strategies;
- adopt a more targeted due diligence on high risk suppliers;
- continue to implement and promote our grievance procedures and reporting channels to our suppliers and offshore workforce;
- develop further Modern Slavery training for suppliers (translated where required) and consider opportunities for targeted training particularly to any at risk workers, such as our migrant workforce;
- finalise the assessment metrics of our KPI's; and
- continue to collaborate with industry and business peers to further develop our modern slavery journey.





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